DOCUMENT RESUME

ED 300 671 CE 051 379

TITLE	Workplace Literacy: Targeting the Future. A Report on the National Conference on Workplace Literacy (Washington, D.C., October 3-4, 1988).
INSTITUTION	Small Business Administration, Washington, D.C.
PUB DATE	Oct 88
NOTE	67p.
PUB TYPE	Collected Works - Conference Proceedings (021) -- Reports - General (140)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	*Adult Literacy; Business Communication; *Business Responsibility; Educational Legislation; *Educational Needs; Federal Legislation; *Functional Literacy; *Futures (of Society); *Small Businesses
IDENTIFIERS	*Job Literacy

ABSTRACT

This summary reports on the proceedings of a conference that was convened to focus attention on the implications of inadequate literacy levels among present and future employees of small businesses and to share successful approaches to the task of helping these employees develop the literacy skills required to meet ever-changing job requirements. The summary begins with the conference agenda and a fact sheet on small business in the year 2000. Next, the conference proceedings are summarized. The next section discusses small business and training in the year 2000, with particular emphasis on the impact that projected demographic changes are likely to have on small business. The conference registrants, state adult literacy contacts, and U.S. Small Business Administration Regional Advocates are listed. The next section deals with employers and the legal aspects of literacy, and the final section outlines the major statutes containing workplace literacy and job training provisions. (MN)

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Workplace Literacy: Targeting the Future

A Report on the National Conference on Workplace Literacy

Hosted by the Office of Advocacy
U. S. Small Business Administration

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

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Washington, D. C.
October 3–4, 1988

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THE VICE PRESIDENT'S HOUSE
WASHINGTON, D.C. 20501

October 4, 1988

Dear Friends,

It is my great pleasure to send greetings to all attending the national meeting on workplace literacy hosted by the Small Business Administration and the Department of Education's Adult Literacy Initiative.

As an ardent advocate for literacy, I am delighted to know that the SBA is working to help its very important constituency confront problems of literacy among our nation's workers. There is clearly a need to develop programs and strategies that address the special circumstances of small businesses, which account for such a large proportion of workers and new jobs in our economy.

I salute the SBA for joining the national literacy movement in such an active and cooperative way, and the Adult Literacy Initiative for entering into another important partnership for greater literacy. Finally, my grateful thanks to all who are participating today. It is concerned citizens like you who will help us build a more literate America.

Warmly,

Happy Reading! Barbara Bush

October 1988

FOREWORD

Our nation is confronted with a critical challenge, workplace literacy. While many adults in this country read, write, and compute at higher skill levels than ever before, and the majority of Americans can read at some level, millions cannot read, write, or think well enough to meet changing job requirements. By the year 2,000 the majority of new jobs will require some postsecondary education. According to the Business Council for Effective Literacy, 23 million or 20 percent of the nation's workers read at no better than an eighth grade level. Yet most of the reading material geared toward the workplace is written for at least ninth grade comprehension level.

The flexibility of American firms to adapt to changing competitive conditions has been severely jeopardized by the growing disparity between employee skills and job requirements. New technology creates opportunities for economic growth, but demands more sophisticated employee skills. Business, labor, and government are becoming acutely cognizant of the need for increased job-related education and training.

These trends have important implications for small business. Small businesses are the primary job generators in the U.S. economy, creating two thirds of the new jobs between 1980 and 1986. Additionally, small businesses and self-employed entrepreneurs provide 56 percent of U.S. private employment and 47 percent of the nation's private output.

Because of increased concern about the necessity of a qualified small business workforce, approximately ninety adult literacy experts, government officials, business, and labor representatives met in Washington, D.C. in October 1988 to focus attention on the small business problem, and to share successful approaches to meeting this challenge.
The meeting identified several factors upon which small businesses, local communities, and government can build solutions to adult iiliteracy.

- Increase attention to the importance of a literate, efficient, small business workforce in a competitive economy.

- Identify existing local and state adult literacy resources.

- Identify successful small business workplace literacy programs.

- Promote cooperation and coordination among state agencies and the private sector to obtain maximum impact from existing resources.

- Conduct regional and state small business workplace meetings to increase program effectiveness and accountability.

- Encourage business-education basic skills partnerships.

- Increase small business participation in local school systems so that education can better understand the needs of business.

- Improve public education to prevent future adult illiteracy.

Our Nation's productivity and competitiveness depend on our ability to build and maintain a quality workforce. I hope that this material will facilitate more effective use of literacy programs for the business sector facing the greatest challenge, the small employer.

Frank S. Swain
Chief Counsel for Advocacy

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Workplace Literacy: Challenge to Small Business

Fact Sheet

- More than 20 million adults are functionally illiterate.
- Small business accounts for more than half of the private sector employment and generates two out of three new jobs in our economy.
- Small employers hire the majority of younger, older, and women employees.
- Labor force growth will slow in the next decade.
- The majority of new jobs will require some postsecondary education.
- Only 27 percent of all new jobs will fall into low skill categories compared to 40 percent of jobs today.
- Jobs that are in the middle of the skill distribution today will be the least skilled occupations of the future.
- The decline in population growth will mean an older workforce, with the average age of workers increasing from 36 to 39 by the year 2000.
- The number of young workers will decline both relatively and absolutely, with workers aged 16 to 34 accounting for half the workforce in 1985 but declining to less than 40 percent by the year 2000.

- Traditionally less skilled groups, 80 percent of new entrants into the workforce, will be women, minorities, and immigrants.

- Each year, 700,000 young people drop out of high school, and an equal number graduate without functional literacy. Add to that a million new working age immigrants, and almost 2.5 million persons will enter the workforce annually with limited language and skills.

- An older, less adaptable workforce will face a job market that requires increasingly flexible skills, with many workers changing jobs five or six times during their worklives.

- As a consequence of smaller growth in the labor force and a diminishing pool of qualified workers, employers may face serious skill shortages not experienced since World War II.

Workplace Literacy: Challenge to Small Business Conference
Washington, D.C.
October 3 - 4, 1988

October 3, 1988

Reception - Quality Hotel Capitol Hill

October 4, 1988

Registration and Continental Breakfast

Honorable Frank S. Swain, Chief Counsel for Advocacy, U.S. Small Business Administration - Small Business 2000 Presentation.

Panel I - A Small Business Issue

Representatives of small business, adult literacy, federal, and state government will discuss workplace literacy as an emerging, critical small business issue.

Panel II - Program Delivery

Representatives of small business, education, and workplace literacy practitioners will describe diverse workplace literacy programs and provide practical information to help small businesses plan and implement effective job-related employee basic skills programs.

LUNCHEON

Keynote speaker, Honorable Linus Wright, Under Secretary U.S. Department of Education.

Panel III - Funding Resources

Representatives of education, small business, government, and public-private partnerships will describe innovative successful workplace literacy funding mechanisms, and discuss means to involve more effectively the small business community in this effort.

Panel IV - Outreach to Small Business

A variety of private sector and government officials representing the small business community will discuss means to coordinate more efficiently with workplace literacy experts.

SUMMARY OF PROCEEDINGS

Frank Swain, Chief Counsel for Advocacy, convened the first national symposium to focus on workplace literacy as a small business issue. The conference, "Workplace Literacy: Targeting the Future," began in Washington, D.C. on October 3, 1988 with welcoming remarks for the diverse group of educators, government representatives, and business participants. The conference explored resources that are available to increase basic workplace skills, and described various successful small business workplace literacy program delivery systems.

Recognizing that workplace literacy is critical to small businesses and their employees, Swain pointed out that small business generates two out of three new jobs, dominates the service and construction industries, and generates 47 percent of the U.S. gross national product. Fifty-six percent of our nation's private sector workforce works for small firms. Small businesses provide two out of three new workers their first new job, and thus make significant contributions to training the workforce. Swain noted, "The fact is that small businesses teach workers technical skills--how to run a drill press, how to run a computer--but they also convey equally important skills, such as how to show up for work on time, and how to get along with fellow employees, and how to take responsibility." So small businesses share in basic skills enhancement--it is critical to their businesses and to our national economy.

Swain illustrated the importance of training to small business with a slide presentation on small business in the year 2000. He focused on the demographic and economic trends that will be particularly significant for small business--especially trends in relation to literacy and job training needs.

Before introducing the first panel, Swain noted, "I hope we can come away from this symposium with a greater appreciation, not only of the challenges, but of the ways we can solve some of these challenges. One of the greatest challenges will be how to deal with the growing labor shortage, which will increase labor costs and require substantial improvements in productivity. Efforts to enhance literacy and basic skills, as well as job-related training will be areas of concern to all of us."

"It is the responsibility of government, people in support institutions, the nonprofit sector, the business sector, the labor sector and the education sector, to look at what our basic skills problems are today, and work together for remedies for the future." Frank S. Swain, Chief Counsel for Advocacy, U.S. Small Business Administration.

Workplace Literacy As A Small Business Issue

Moderator: Judy Hollister
Policy Analyst
Michigan Governor's Cabinet Council
on Human Investment
Lansing, Michigan

Panelists: Haidee Clark
Coordinator
South Carolina Governor's Initiative
for Workforce Excellence
Columbia, South Carolina

Leo Doyle
Director of Education
Smaller Manufacturers Council
Pittsburgh, Pennsylvania

William H. Gregory
President
Gregory Forest Products
Glendale, Oregon

Benita Somerfield
President
Workforce Resources
New York, New York

The moderator of the first panel was Judy Hollister, a policy analyst with the Michigan Governor's Cabinet Council on Human Investment. Ms. Hollister commented that Michigan's workforce closely mirrors the Office of Advocacy's figures. Michigan has developed a number of programs and is allocating state funds to retool and upgrade their workers. The state's Modernization Services program provides interest-free loans to businesses. Michigan has a job opportunity bank program that provides access to all state residents for work training on both basic and very complex skills. The state assists industrial technology industries that provide technology-transfer information for community colleges to small businesses, particularly auto suppliers attempting to diversify. All of these programs target small businesses which play a vital role in Michigan's economy.

Ms. Hollister then introduced the panelists: Benita Somerfield, former senior adult literacy advisor to the Secretary of Education; Haidee Clark, Coordinator for the South Carolina Governor's Initiative for Workforce Excellence; Leo Doyle, Director of Education for the Smaller Manufacturers Council in Pittsburgh, Pennsylvania; William Gregory, owner of Gregory Forest Products, Glendale, Oregon; and Mike Fox, Executive Director of PLAN, Inc., a nonprofit adult literacy program in the District of Columbia.

Ms. Somerfield noted that the workplace literacy effort is growing as we recognize its importance to U.S. competitiveness and productivity. Both the government and the private sector have progressed in the development of basic skills programs for large and medium-sized businesses.

The Departments of Education and Labor recently prepared a booklet entitled Bottom Line: Basic Skills in the Workplace, which reports the results of surveys done on workplace literacy programs around the country and examines what works and what doesn't. While this booklet is in great demand by large and medium-sized corporations, it does not specifically focus on small business because of the lack of small business literacy program examples. "I hope this is the beginning of something that is going to continue," Somerfield said, "now that attention has focused on the specific problems of small businesses in delivering this service."

She noted that the principles of training are similar for small and large businesses. Based on her personal experience as the president of a publishing company employing 50 people, however, Somerfield views two specific differences between large and small business basic skills programs. The range of workplace literacy skills needed by most small business employees--oral, written, and computer--is broader than that required by large businesses. Small

businesses also have more limited financial resources to allocate for training than their larger counterparts, and so often they look to a community-based, consortia approach.

Ms. Somerfield described an effective program in which she participated with the New York City Chamber of Commerce. Several small businesses had problems with a few of their workers, but they were not serious enough to establish a program for each company. Coordinating with the Chamber of Commerce and literacy services provided by the Board of Education, each of those workers participated in on-the-job training at their own firms and in basic skills instruction at the Chamber of Commerce. The program, funded by the Department of Labor, was an effective approach for small businesses.

Ms. Hollister then introduced Ms. Haidee Clark, Coordinator of the Governor's Initiative for Workforce Excellence in South Carolina.

Ms. Clark provided an excellent example of a state new to the workplace literacy initiative. She stated that South Carolina is 20 percent functionally illiterate; it has a governor who ran on a strong economic development platform, and when elected, acted vigorously to improve functional literacy. Through the establishment of the Initiative for Workforce Excellence, a grassroots effort aimed at providing whatever basic skills training is necessary for a business to be competitive. The goals of this initiative are to increase the programs and opportunities for adults to upgrade their learning skills and to customize teaching by industry through local input and cooperation of technical specialists who can tailor basic skills programs to industry. The Governor's office is working with representatives of adult education technical colleges and the literacy council to form technical advisory panels which will meet to resolve questions of referrals, accountability, curriculum development, and public relations. South Carolina is also attempting to help educational providers develop job-specific curricula. Ms. Clark commented, "The minute you tell a business leader that you want to help customize the curriculum so it is relevant to his workplace, he is sold on the concept."

Ms. Clark agreed with Benita Somerfield that basic skills training principles are common to large and small business. Ms. Clark noted that it is much easier to establish a training program in a company with over 100 employers. In a small business with fewer than 50 employees, it is more difficult to take time off the job and to offer classes at the workplace. It is also more difficult to get an instructor from the technical colleges or adult programs to work with a few people. Ms. Clark further concurred with

Benita Somerfield that the industry consortia approach works well for small business. For example, in South Carolina, a group of dry cleaners is developing a basic skills training opportunities program for entry-level workers.

The South Carolina program also works with entry-level training for unemployed workers, notably in the service industry. The job services and employment training office conducts job fairs to mass recruit, test, and provide job training for entry-level workers. For example, South Carolina has coordinated this service for Hilton Head resort employers, and is now working with a group of retailers with similar job requirements. An entry-level, four-week basic skills training program is being offered; the graduates will then be recommended to retailers and buyers. Ms. Clark concluded her comments on workplace literacy programs by saying, "Even though we have just begun, we feel we have made tremendous strides."

The next panelist was Leo Doyle, Director of Education for the Smaller Manufacturers Council in Pittsburgh, Pennsylvania, an organization that is devoted exclusively to firms with fewer than 500 employees.

Mr. Doyle began, "I hope that by the time this conference is over, you will share the same sense of alarm and concern that I and other members of the small business community share at the prospect which lies before us. And those are prospects of economic dislocation, upheaval, and human suffering that really will come about as the impact of illiteracy reverberates outward from individual small businesses to the rest of the community."

Mr. Doyle is concerned that small businesses are the forgotten part of the economic equation, although they employ over half of the workforce and produce almost half of the gross national product. From an historical perspective, he noted that twenty-five years ago, the United States was the most literate nation in the world, and that this is the first generation of students graduating with less knowledge than their parents. Education, government, labor, and business are pursuing their individual agenda, and all need to develop working partnerships to ensure adequate basic skills in the workplace. "We need a zero tolerance of illiteracy," Doyle emphasized.

William Gregory, a small business owner, described how improved literacy and training among his employees had affected his lumber business. " When you teach people something you see a light bulb go on--you can't put a dollar value on it," said Gregory.

Mr. Gregory explained that as lumber manufacturing was becoming automated, some employees asked for training so they could adapt to the new technology. Through these classes it was soon discovered that many employees could not read or write and were embarrassed to be called on in class. To improve this situation, Mr. Gregory established an inhouse literacy/training program for his employees in conjunction with the local community college, and he has encouraged them to participate in basic skills classes. Mr. Gregory expanded this education to the families of his employees, giving scholarships to local high school students. The company also offers a bank guarantee arrangement permitting employees to borrow funds to purchase personal computers. Fortunately, the program has received much publicity, and other businesses are adopting Gregory's training model. For Mr. Gregory, his employees are his family, a theme common to small businesses.

Mike Fox, director of a nonprofit adult literacy program, reiterated Mr. Gregory's concern for individual employees. Functionally illiterate employees often hide their limitations; they are afraid of losing their jobs, and are often very clever about disguising that they are illiterate. Employers should reassure their employees that their personal welfare is important to the company; they need not be afraid of losing their jobs if they are willing to correct their limitations. As Benita Somerfield and Haidee Clark also mentioned, small businesses lack adequate training resources to help their employees--they need something to plug into. Fox praised South Carolina's workplace literacy initiative for its specific goals for different types of small businesses and for encouraging communication between employers and employees. He recommended several ideas for conference participants: (1) examine issues that this conference is addressing; (2) develop a better understanding of the problem; (3) ascertain the skill and scope of workers; (4) be aware and cautious; (5) build a background for a practical menu; (6) become an advocate for self, business, and workers; (7) become involved; (8) have more sessions like this regionally.

Hollister then concluded the panel.

"No issue is as critical to the future of America as is literacy in the workforce. We simply cannot allow this nation to enter the 21st century without a literate, skilled, and flexible workforce. The effect of a workforce unprepared for an information-based, service-oriented economy will be devastating. What is required is the establishment of partnerships between industries, public and private sectors, media, educators, and religious and civic groups that will encourage constructive change with lasting impact." Joseph Duffy, President of Communications of ABC.

Program Delivery

Moderator: D. Kay Wright, Ph.D.
Deputy Assistant Secretary
Office of Vocational and Adult Education
U.S. Department of Education
Washington, D.C.

Panelists: Eunice Askov, Ph.D.
Director
Institute of Adult Literacy
Pennsylvania State University
University Park, Pennsylvania

Andrew Colevas
Vice President
Arrundo Asphalt Company
Forestville, Maryland

Rick Gilmore
Director
Research and Development
70001 Training and Employment
Institute
Washington, D.C.

Paul Jurmo, Ph.D.
Senior Program Associate
Business Council for Effective Literacy
New York, New York, New York

Joseph Puhalla
President
Private Industry Council
Seat Pleasant, Maryland

Dr. Wright, a former educator, introduced Paul Jurmo, Senior Program Associate for the Business Council for Effective Literacy. Dr. Jurmo began by posing basic questions small employers should consider prior to establishing a basic skills program. What skills do the employees possess? What skills are necessary to the business? Is the employer's primary concern a functionally literate workplace or does he also want to give employees an opportunity for resource development? Does the employer's needs correspond to the employees' interests? What basic skills training is available in the community?

Dr. Jurmo reiterated Ms. Somerfield's and Ms. Clark's support for industry consortia development for small business, stating that local banks have jointly sponsored basic skills forums. He suggested that this approach can be effectively developed with small businesses, trade associations, chambers of commerce, private industry councils, and local SBA offices.

Dr. Jurmo reaffirmed Mr. Gregory's hope that employers view undereducated adults as people with a range of personal needs extending beyond job improvement. He stated that this is an excellent time for employers to become advocates for adult education. He concluded that while some employers have incorporated basic skills services into employee assistance programs, many small businesses do not have this option.

Eunice Askov, Director of the Institute for the Study of Adult Literacy at Penn State and Chair of the Adult Literacy Committee of the International Reading Association, was then introduced by Dr. Wright. While acknowledging that she represents the "ivory tower", Dr. Askov stated that Penn State's workplace literacy activities are "down there in the real trenches." The Institute receives funding from the Gannett Foundation and has three primary goals: (1) to start local coalitions to develop partnerships with the business community; (2) to provide technical assistance to workplace literacy providers; and (3) to alert the business community to emerging basic skills needs and make service providers aware of them.

The Institute has contracted with a local radio station to produce workplace literacy programs in order to make service providers sensitive to the needs of the workplace and to suggest how they can facilitate small businesses in community-based programs.

The Institute for the Study of Adult Literacy has been awarded a grant from the U.S. Department of Education, from which they have begun a program called "Worktep." The program operates in this manner: if a business wishes to start a basic skills program, the manager contacts Worktep to provide technical assistance to the basic skills provider, who in turn, coordinates with the business to obtain necessary skill requirements.

Dr. Wright next introduced Rick Gilmore, director of research and development for 70001 Training and Employment Institute, an organization dedicated to educating, motivating, and training economically disadvantaged youth for the job market.

The organization was formed twenty years ago when a Chief Executive Officer of a retailing corporation entered one of their stores to inquire of his manager who and why there were teenagers lingering in front of the business. When the manager replied that he did not know, nor did he think it his concern, the CEO responded that it indeed was their problem, because it reflected poorly on the business. The CEO then developed a partnership with the local school system to provide high school dropouts with the basic education, employment awareness, readiness, and motivation necessary to succeed in the job market. The program now operates in 65 communities and serves 5000 economically disadvantaged youths annually.

Because small businesses hire the majority of young people, Mr. Gilmore strongly encourages their participation in the program. He recommends that small employers play an active role in the recognition of youths who have dropped out of school and returned to finish high school or obtain a GED. For example, in York, Pennsylvania, 70001 conducted a graduation ceremony for 30 GED graduates and afterwards held a prom. Mr. Gilmore concluded, "From our perspective, workplace literacy is not a new issue. It is something we have been involved in for 20 years and something we think will continue to be an issue, particularly with the demographic challenges we have now."

Dr. Wright then introduced Joseph Puhalla, president of a Private Industry Council in Prince George's County, Maryland, a man who has been in the employment and training field for twelve years.

Mr. Puhalla stated that Private Industry Councils administer the Job Training Partnership Act locally. He described JTPA which provides job training and employment services for economically disadvantaged adults and youth, dislocated workers, and others in order to move the jobless into permanent, unsubsidized, self-sustaining employment.

PICs serve as the local mechanism for coordinating various segments of the private sector representatives into active job training programs. PICs primarily address workplace literacy through on-the-job training programs and through their boards of directors which statutorily is 51 percent represented by business.

Mr. Puhalla introduced a private-industry council client, Andrew Colevas, vice president of Arrundo Asphalt Company, a family held corporation in Forestville, Maryland. Mr. Colevas, concerned that some company employees had been in the same menial production position for fifteen years, contacted the local private industry council, Southern Prince George's County Rotary Club, and Prince George's Community College to develop a program to help employees with basic reading, writing, and comprehension skills. The company sent flyers to its employees; approximately 10 percent of them enrolled in the program which was held during the winter, a slack time for the company. Because of the experiment's success, Mr. Colevas is confident that the program will attract more participants this year. Mr. Colevas concluded, "I haven't told my father (the president) but my next brainstorm is to develop a program to pay part of the college tuition for children of employees who have been with us for a long time."

Dr. Wright then fielded comments from conference participants. Mr. Gilmore was asked whether a program to help dropouts get their GEDs assisted workplace performance? Mr. Gilmore responded: "I think it is an important credential in the minds of employers. It is significant that the Job Training Partnership Act has specific performance standards for operators. Many of us complain about them and it makes it very difficult for us to like programs when there are placement, training, and enrollment outcomes. On the other hand, it does create a system of accountability and there are measurable outcomes for participants. So GED in many cases is an outcome for us, and we do measure that and chart that along with employee literacy."

Mr. Gilmore further commented, "70001 has developed a curriculum which takes the concept of workplace literacy and high school curricula to teach these skills generically. As Frank Swain noted in his opening statement on the role of small business in this effort, we also demonstrate to our clients how to show up on time, how to behave on the job, how to dress, and how to communicate with your supervisor. We feel that these skills are very important for all youth. I agree that employers need to be aware of the kinds of skills that young people are learning. Schools need to be more sensitive to skills students will need on the job."

Dr. Askov was asked if Penn State's program is targeting a certain level of teaching, such as very low or mid-level. She responded that they are attempting to design job-specific programs; they have found that with jobs and technology changing so quickly, teaching higher level skills is necessary.

The panel was asked to suggest specific programs that small businesses can institute on their own without going to outside organizations. Dr. Askov and Mr. Puhalla responded that small businesses must first understand their needs, as well as those of their employees. Businesses can then coordinate with groups such as local literacy councils and Private Industry Councils to identify appropriate needs and resources.

Dr. Wright then concluded the session, and the group adjourned for lunch.

Swain introduced the featured luncheon speaker, Under Secretary of Education Linus Wright, who emphasized the necessity of an effective partnership between business and education as a critical key to increased productivity and competition in the nation. Wright stated, "For the first time in our country's history, we are producing a new generation of Americans that is less educated than the previous one."

The gap between existing worker skills and those required for new job openings is widening. Small businesses, which have limited resources to train their employees, are disproportionately affected and have limited resources to train their employees. This in turn adversely affects the national economy because small businesses are our nation's chief job generator. Unless America can produce a competent workforce, we will lose markets to our foreign competitors.

Under Secretary Wright asked: "What can we do to close the skills gap and regain a position of world leadership?" He stressed that reform of our schools is a top priority, if we are to maintain global competitiveness. In 1983 with the release of a report, A Nation at Risk, commissioned by President Reagan, the public was made more aware of the serious decline that had taken place in our schools.

Under Secretary Wright challenged the schools to provide a rigorous curriculum of English, math, and science. He further challenged schools to be accountable for the formation of good character in the nation's students. And, finally he strongly encouraged active parental involvement in the education of their children. "Schools are partners that cooperate with parents in the mutual responsibility of educating the young," Wright concluded.

"Small businesses have no one responsible for finding the resources in the community. Helping people become aware of the kinds of resources available in the community for small businesses will help a great deal. We need to find better ways of reaching small business." James Gollattscheck, Ph.D., Executive Vice President, American Association of Community and Junior Colleges.

FUNDING MECHANISMS

Moderator: Evelyn Ganzglass
Director - Training & Employment
National Governors Association
Washington, D.C.

Panelists: Gerri Fiala
Chief - Policy Analysis
Office of Strategic Planning & Policy Development
Employment & Training Administration
U.S. Department of Labor
Washington, D.C.

James Gollattscheck, Ph.D.
Executive Vice President
American Association of Community & Junior Colleges
Washington, D.C.

Karl O. Haigler
Special Advisor to the Governor for Literacy
Office of the Governor
Jackson, Mississippi

Stephen A. Nunes, Ph.D.
Director
Virginia State Adult Literacy Office
Richmond, Virginia

Joan Seamon
Illinois Literacy Coordinator
Springfield, Illinois

Following the luncheon, the moderator, Evelyn Ganzglass, introduced the first panelist, Joan Seamon, coordinator of Illinois' adult literacy efforts, who stated that in the last 18 months, Illinois has established over 100 workplace literacy programs. Several funding sources are used creatively: the Library Services Fund, Adult Basic Education, and JTPA. They are not all used the same way, but are always blended at the local level. Local educators have been telling businesses that there is a literacy problem, and businesses are starting to listen. Ms. Seamon believes that the adult education system does support and will continue to support most adult and workplace literacy programs; these are the professionals who know how to design a curriculum around a workplace. Adult education professionals either approach the employer or vice versa. Ms. Seamon provided four examples of literacy programs in Illinois:

1. A community action agency contacted a nursing home to inquire if any of the patients needed literacy services because there were many volunteers anxious to tutor the elderly. The employer asked the community action agency representative to conduct a literacy assessment of his employees. The assessment revealed that many employees did have a literacy problem and could benefit from an on-site program. The nursing home wanted to promote some of its employees to the position of practical nurses, but many were not qualified to take the necessary coursework. The local community college contributed the services of an instructor. State adult education funds paid for the instructor to work on-site. The nursing home contributed the individual testing fee of $75, time off to attend the class, graduation gowns, and the reception. The nursing home owners are convinced that their investment was well worth it.

2. A plant manager in a rural, undereducated community heard a literacy presentation at a local rotary club. The manager approached the local community college, realizing that he had a basic skills workforce problem at his plant. The community college conducted the testing, provided instructors, and contributed a tuition refund for students if they completed the course. According to Ms. Seamon, "The company never regretted a dime they spent, because they could not convert to new equipment unless they upgraded their skills."

3. An expensive mistake prompted a small Illinois manufacturing company to obtain basic skills assistance. An employee's improper operation of equipment cost the company $7,000. Safety on the job was the main reason why this employer contacted the local literacy council. The company paid all of the expenses because the local literacy coalition does not automatically receive adult basic education funds. Fifty percent of the workforce was educated in a 45-week program, 3 hours a week, for $500 each. According to Ms. Seamon, "That employer, having lost $7,000, thought it was worth it."

4. A small nursery, employing twenty regular employees and 50 seasonal employees, encountered a significant language barrier. The employer saw a television program describing a large Chicago corporation's workplace literacy program. He contacted the Illinois Literacy Office, which serves as an information clearinghouse. The Literacy Office referred him to a local literacy program, which in turn worked with the local community college to provide assistance. Because of concern about safety and the language barrier (at the time, the employer was trying to explain equipment instructions) the nursery paid for a community college instructor to teach on-site. In this instance, small business owners contributed to the employees' educational costs, which Seamon views as a legitimate business expense.

White collar training and education, higher level middle management, even blue collar education has long been popular in businesses willing to pay the cost because they can see the benefit in employee development and expanded product sales. "I don't see any reason why entry-level and lower level jobs are not entitled to the same kind of support. The businesses we have talked to have certainly agreed with this. They need to be able to continue to produce the products. And those products and those assembly-line jobs, those entry-level jobs, they produce parts of products that are the ones undergoing the fastest changes in terms of automation and technology," Seamon concluded.

Describing the organization he represents, Dr. James Gollattscheck stated that the American Association of Community and Junior Colleges, a voluntary association, represents America's 1,200 community, technical, and junior colleges. The average age of a community college student is 29; over 80 percent are employed. Community colleges are diverse and reflect their locales' unique interests and needs; they are a valuable community resource, and have

become very skilled over the years in developing partnerships. Dr. Gollattscheck noted, "The major thrust of the association I represent over the past five years has been partnership development with business, industry, schools, and labor organizations." AAJC awards small grants ($15,000-$20,000) to junior and community colleges who in turn leverage these funds for participation in community based projects. The AAJC works with businesses, large and small, to retain employees and help develop or maintain an adequate local workforce. "We need to do a better job of getting the word out to small businesses," Dr. Gollattscheck concluded.

Ms. Ganzglass next introduced Karl Haigler who until September 1988 was Director of Adult Education at the U.S. Department of Education. Haigler described a publication entitled "Enhancing Adult Literacy," a policy guide for state policymakers, which is useful for adult literacy programs. While the Adult Education Act is the major source of federal workplace literacy funding, Haigler noted that other excellent sources also exist. Much federal funding is allocated according to state performance, or otherwise administered by the state, and it is important for interested businesses to become acquainted with the state director of adult education. For example, in some states the social services black lung program is being used to provide vocational skills. Mr. Haigler said, "Small businesses and literacy providers can work together to develop policy goals of breaking the welfare dependency cycle, which in turn will produce employment opportunities for the unemployed and a new source of employees for small businesses."

Ms. Ganzglass then introduced Gerri Fiala, who began her presentation with a brief description of the Job Training Partnership Act. She stated that the program emphasizes (1) job placement for participants; (2) training in related services; (3) an active substitute role for the private sector in the oversight of local job training programs; and (4) training for dislocated workers.

JTPA funding is administered through the state. Ms. Fiala explained that each governor appoints a council, which includes mandatory business representation, and plays a critical role in planning and coordinating job training and literacy services. The Governor also designates local service delivery areas, each of which has a private industry council (PIC) whose members are appointed by local elected officials. Services are provided at local discretion. Through PICs, annual planning for services begins in November. For small business owners and literacy practitioners interested in training programs, it is important to contact the local private industry council,

which may be able to find ways to leverage resources. Ms. Fiala concluded, "When you talk about job training, you have to think about a lot of opportunities for connections; it's not just one program, it's at least three, possibly four, and there are many ways to use JTPA to leverage other funds."

Steve Nunes, Director of Virginia's Adult Literacy Initiative, then described adult literacy activities in Virginia. Literacy is important to Virginia, evident from the fact that the state has increased its literacy funding from $40,000 to $4.25 million. The Virginia Literacy Foundation, which supports private literacy groups, hopes to raise $3 million this year. Out of the $4.25 million allocated for literacy in 1988, $100,000 will be spent for workplace literacy programs. The following year it will be $200,000, and the next year $400,000. The state is working with a consortium of funding efforts, with state agencies, the public school system, the Job Training Partnership Act, local libraries, and local industries to develop effective community economic development programs.

Similar to South Carolina, twelve regional literacy coordinating committees have been established throughout Virginia. Members include representatives of public agencies, education agencies, private volunteer groups, and PICs. Their purpose is to plan, facilitate, and coordinate literacy education in a given area, including workplace literacy. The other support system being implemented is in adult area education. Eight specialists have been hired to assist communities with literacy and workplace literacy programs, recruiting, marketing, structural design, curriculum development, and management techniques. They are available 20-30 hours a week and coordinate with regional literacy committees.

"Evaluation and accountability are vital. I have to be able to show the bottom line to Virginia's state legislators, before we can request more money--we have an obligation to show that," Nunes concluded.

Ms. Seamon agreed with Nunes, stating that Illinois does have charts, showing where the money is spent by grade and reading level, in addition to basic education funds from the federal government and the state. Illinois has produced a document listing the grant awards, and it shows the geographic distribution by employer's state. "It will take time to produce hard statistics, but they must be produced."

Faith Lee Breen, Professor of Business at Prince George's County Community College, Maryland, agreed with Dr. Gollattscheck that community colleges must develop innovative strategies to reach small businesses and the people they are likely to employ. For example, Prince George's Community College participates in a local coalition designed to help immigrants assimilate into our society. Twenty percent of the workforce in the year 2000 is projected to be immigrants--a group small business tends to employ--many of whom do not speak English proficiently. The community college reached out to this group, and assisted them in acquiring basic skills that did not require English, for example hammering skills, for which the college has a 100 percent job placement record.

Lloyd David, director of the Continuing Education Institute in Massachusetts, explained that because of a federal workplace literacy grant his organization received, the participating company was able to develop curricula that met specific needs of the small nursing home industry. By involving the small business administrator, the organization was able to develop a model identifying specific business and employee needs that can have a significant impact on the small nursing home industry.

Cathy Curran, co-director of the Colorado Literacy Assistance Center, concurred with David, stating that by marketing within the business community, by identifying basic skill requirements according to industry classification, and by targeting training appropriately, increased competition and productivity will follow.

Ms. Ganzglass thanked the panelists and participants for their contribution, and concluded the panel.

"It's exciting to see this level of exchange because often small business people are so insulated and isolated from each other that coming together in this kind of way, they become aware of other kinds of things they can do to improve their product and profits and they're taking advantage of it." Lloyd David, Director, Continuing Education Institute, Inc., Needham, MA.

Outreach to Small Business

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Region 4 Administrator
U.S. Small Business Administration
Atlanta, Georgia

Panelists: William Brock
Deputy Director
Alabama Department of Industrial Relations
Montgomery, Alabama

John Daniels
Executive Director
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June Nichols, U.S. Small Business Administration Region 4 Administrator, introduced the four panelists who provided a balanced Southeastern perspective. Sandra Minnich, a small business owner and member of the Charlotte, North Carolina Chamber of Commerce, noted that because North Carolina currently enjoys a very low unemployment rate and good employees are increasingly more valuable to small business owners, it is difficult to replace them. "As human capital is perceived as a precious commodity, management is investing more in that valuable resource," Minnich observed.

She encouraged the small business community and local school system to work more cooperatively. Local school systems provide employees of the future their basic formal education, which often does not include sufficient learning incentives, a weakness which can be improved by more active participation of businesses and their corresponding trade organizations. For example, in a recently conducted survey of the Charlotte Chamber of Commerce, local businesses cited improved education as its first priority. To assist in educating first-rate students, Ms. Minnich encouraged small business owners to become partners with local schools in their lecture series, to help develop curricula, to provide financial support, and to adopt innovative partnerships to help educators and students learn what skills employees of small business will need.

Bill Brock, former director of Small Business Development in Alabama, reaffirmed Ms. Minnich's call for increased cooperation between business and education. He said, "There can be no economic development without education. Educators must understand what businesses need." He stated that large corporations, state economic development agencies, small business development centers, junior and community colleges, and small business groups are cooperating in matching employer requirements with available job skills.

Mr. Brock illustrated how industries are networking with each other. For example, the GE Plastics Corporation, located in Montgomery, Alabama, employs about 1,200 people in a rural county. The company competes in a high-tech market, and it was only able to hire less than 3 percent locally. In order to hire local residents GE management hired a business development specialist to provide necessary training programs. GE also identified small businesses supporting or supplying products to the GE plants to bring them into the community to provide jobs and community based expansion in that area.

Mr. Brock provided another innovative example of how the State of Alabama and large and small businesses are working together. Several factory representatives advised Mr. Brock that they were looking for a list of small manufacturers to provide approximately 50 products to their customers, large industries. In this instance, Alabama is targeting small minority businesses. To link the two, basic skills training is being coordinated through the state, the local small business development center, and the junior college system.

John Daniels, executive director of the Service Corps of Retired Executives Association, described various activities that the 13,000 SCORE volunteers participate in nationally. He recommended SCORE as another potential source of networking between the business and educational communities. He encouraged adult literacy directors to contact local SCORE chapters to determine how they can most effectively coordinate their efforts.

Gary Keel, SBA's North Carolina District Director, concurred with Sandra Minnich that because unemployment is so low in North Carolina, small business owners are providing many incentives for employees to improve their skills, so as to maintain a qualified workforce. For example, Keel described how one small business owner gives his employees time off to study towards a GED. The owner pays the direct training costs, and awards a $500 bonus to the employee upon completion of the GED.

Mr. Keel cited examples of how community colleges and small businesses in North Carolina are initiating efforts to meet small business needs. Both educators and businesses described the need for better math assessment and training. In one instance, a college technology division was working with small businesses to assist their staff in dealing with computer designed manufacturing and technology. The workers knew math; they could add, subtract, multiply, and divide. But if they were given the problem in narrative, they could not solve it, which considerably hindered their work performance.

Both managers and employees expressed to Keel the need for more management training. Often, small business managers don't know how to make the most efficient use of newly acquired skills which can squelch an employee's enthusiasm and initiative. In North Carolina, business executives and trainers are examining how managers and supervisors may be more effectively trained.

Lloyd David, Director of the Continuing Education Institute in Massachusetts, responded to Mr. Keel's interest in management training. Massachusetts has a large immigrant

population. Supervisors realized that their ignorance of the employees' culture interfered with their ability to communicate. From this realization evolved a manager-initiated, cultural awareness training program for supervisors. For example, one small electronics manufacturing company which adopted a quality circle organization, has seen productivity improve so much, other small businesses are imitating their program, and so from basic skills education, they are witnessing a spillover effect.

Several participants then engaged in a lively discussion about the stigma older adults may experience because of their inability to read or write. Floyd Ginzlow, Missouri Deputy Secretary of State, does not think that stigma is nearly as large as many believe. He believes that positive publicity has made it easier for illiterate adults to admit they cannot read, and to help them realize they are not alone and can do something about it. While disagreeing on the degree of stigma illiteracy causes among adults, the group did agree that there is a stigma attached to illiteracy, and that employers can ease this burden by establishing a forgiving public policy towards illiterates who want to learn how to read.

Mr. Swain closed the conference by addressing participants, "Our intention was basically to bring a lot of people together who have not necessarily worked with each other previously. It is important for literacy experts to get to know people in small business. Our goal is to develop a document that will be a broad application for people interested in developing literacy programs relevant to small firms. This conference was as successful as the insight and energy that you brought to it. I appreciate your involvement. We hope you think it was worthwhile."

Small Business and Training in the Year 2000

Introduction

The issue of small business and training is a large issue and deserves particular attention at this time. Small business plays a major role in the American economy and employs over half of the workforce; small firms represent over 99 percent of all firms in the U.S.

From a Federal training program perspective, small business is a key participant. Small businesses are heavily involved in the Job Training Partnership Act (JTPA). They design Private Industry Council (PIC) training policies and provide much of the actual training. Nearly three-quarters of PIC chairpersons work for small companies.

Demographic and economic trends over the next decade will be particularly significant for small business, especially in the area of job training. The most significant factor affecting small business prospects is going to be the demographic changes in the population--specifically, the impending labor shortage. These changes will have direct implications for the nation's productivity and competitiveness.

Small Business Contributions to the Economy

Small business is important to the U.S. economy because it represents 99 percent of the employers and provides over half--56 percent--of the private, nonfarm jobs. In addition, it produces a little less than half of the national output--which clearly shows that small firms are more labor intensive than large firms.

About two out of every three new jobs have come from small business and small businesses are more likely to hire new entrants to the workforce.

Declining Rate of U.S. Population Growth

The single biggest factor that will affect small business' ability to continue to be productive and competitive is the fact that they are not going to be able to hire the same kinds of people as easily as they have been in the past. During the period from 1990 to 2000, the Census Bureau projects that the population will grow less than one percent a year. That is about two-and-a-half times less than the rate that it was growing back in the 1950s. This near record low rate will be the major factor shaping the U.S. economy by affecting the supply of labor and the domestic demand for what the nation produces.

Population Growth by Age Group

The Census Bureau suggests that in the year 2000 that there will be virtually no growth in the youngest age groups in the population. Clearly, the age cohort that is going to increase the most are the "mature workers"--those between 45 and 54 years old. This represents the aging of the baby boom generation and will cause the American population to become much older, on average, through the balance of the century.

Small firms, which have traditionally hired younger workers, will find heavy competition for these workers from large firms, the public sector, including the military. Small firms, who have also been the major employer of older workers over 65, will continue to rely heavily on this cohort for its labor needs.

Projected Sources of Labor Force Growth

Labor force growth over the next 12 years is going to come from everybody but white males. Over the last several decades the labor force growth for white females has been tremendous. This growth will continue but the rate of increase is projected to decline. In 1960 less than two out of ten mothers with children under 6 years old were in the workforce, now its approaching 6 out of ten.

The other major groups contributing to labor force growth will be minorities and immigrant groups. This has major implications for our immigration laws and policies which may need additional changes to provide employers with a greater labor pool.

Employment Shares by Industry Sector

Given these demographic changes, industries will substitute capital for labor. This will be easier in some industries than others. The services sector will continue to increase its share of U.S. employment while the goods producing sector will continue to have a declining share of employment--indicating that substitution will take place to a greater degree in the former than in the later. This does not mean that the manufacturing sector is declining in its importance to the economy--output is as healthy as its ever been due to productivity increases.

Growth Rates by Skill Level

Most of the skills demanded in the fastest growing jobs will be high skilled, requiring education beyond high school and requiring advanced language, math and reasoning skills. There will be fewer jobs that will demand low skills and, as such, there will be increase demands and need for training.

Many of these jobs will be in business and professional services--such as information processing, legal and medical services--where small firms have led employment growth.

Wages and Productivity

The growing scarcity of labor will drive up wages and production costs for both small and large firms. Small business costs will probably rise more than large business costs because small businesses use more labor per unit of output.

Unlike in the past, it is going to be a seller's market for labor. Businesses will seek to reduce labor costs by introducing labor saving technology. Employers will be looking to keep both wage and non-wage costs down. This means increasing concerns about issues such as minimum wage, family leave, mandated health benefits etc.

Training Experience of Wage-and-Salary Workers by Firm Size

While there is a lot of information about the general patterns of training in the U.S., there is little about training in small versus large firms. Recent Census data indicates that large proportions of workers in both small and large employers have received training at some point in their career. Almost 18 million workers, or 23 percent of all workers in this country indicate they have received formal job training at some time in their career. About 10 percent of all workers have received training at their current job. Large firms are clearly providing more formal training than small firms.

Location of Most Recent Training Experience of Wage-and-Salary Workers by Firm Size

Proportionately more large firm workers than small firm workers received their most recent training on the job. Workers in small firms are more likely to have received off site training than their large business counterparts either with their current employer or some time during their career. Almost 56 percent of all workers in large firms receive on-the-job training with their current employer compared with about one-third of workers in small firms

Source of Most Recent Training Experience for Wage-and-Salary Workers by Firm Size

The single largest alternative source of off-site training for workers is training from business, commercial or vocational schools. Training from this source differs significantly for small and large firms. Small firm workers are more likely to rely on these providers of training than workers in large firms--over 22 percent to almost 17 percent respectively. All other

non-work sources of training--apprenticeship programs, junior or community college, college or university and the military--have greater small business employee participation but the difference between workers in small and large firms does not appear to be significant. There appears to be tremendous untapped potential for many of these non-work sources to provide training to small firm workers.

Most Recent Training by Education Level and Firm Size

Workers in large firms are, on average, better educated than workers in small firms. Workers most likely to participate in formal at-work training programs are those already prepared by their education, experience, and maturity to take advantage of such programs.

Workers in small firms are more likely than workers in small firms to be high school dropouts and require remedial basic skills training prior to receiving any job-related training. Because small firms provide over two-thirds of all initial jobs they also help provide a significant amount of basic work skills, e.g. positive work attitudes, timely and regular attendance, working a full day or week, cooperating as a member of a team, basic reading, writing and math skills.

Training Experience During Career of Wage-and-Salary Workers by Industry and Firm Size

Workers in large firms are more likely to have received training during their career regardless of the industry in which they are currently employed. This is particularly true for professional services--a giant category which includes legal, medical and educational services. Professional services has seen explosive growth of large firms especially in the health services area.

Workers in retail trade are least likely to have had formal training during their career and the difference between workers in small and large retail firms appears relatively small. The least amount of training is probably required in this sector. In the manufacturing sector there is a surprisingly small difference between small and large firm workers. Small manufacturers are probably coming up the technology curve rapidly. This may also explain the tremendous growth of small manufacturing firms.

Business Investments in Computers

Business investment in computers is projected to increase from 1977 to 1995 by a factor of 10-fold, from $6.2 billion in 1977 to about $30 billion today to over $60 billion by 1995. This has been fueled by the development of more powerful microprocessors, the decreasing cost of more advanced application software and the advances in networking, telecommunications and optical disk technology.

Computer Use by Firm Size

Almost every large firm and a surprisingly large proportion of small firms use computers. Overall, 40 percent of small businesses with less than 100 employees used computers in 1985. More than half of all small businesses with computers use them for word processing and accounting.

Education of the Small Business Workforce

With the number of high school and college graduates rising sharply for the workforce as a whole, small business will be employing more educated workers. By the year 2000, most workers will have a high school education and an increasing number will have a college education. But this begs the question about whether the education will be relevant to the needs of small or large employers. It is not clear whether the more educated workers will be disproportionately bid away by the larger firms leaving smaller firms to buy basically the skills of dislocated workers and lower educated individuals who have very dramatic and significant training problems.

Conclusions

Demographic changes occurring during the next decade will present significant challenges to both small and large firms competing for a shrinking workforce. These challenges include increasing productivity and responding to an aging workforce with greater and more complex workplace needs and expectations.

Training is a critical element in the equation of the economy in the year 2000. Explosive technological change is creating more skilled job opportunities. A major issue affecting both small and large business is whether they can obtain workers who have sufficient basic skills for new job growth.

Workplace Literacy: Targeting the Future

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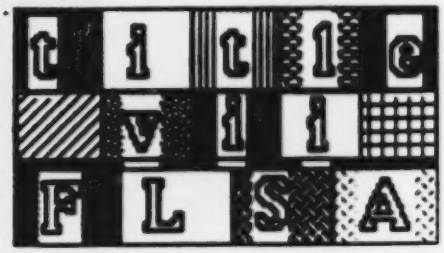
EMPLOYERS & THE LAW OF LITERACY



In the past few months BCEL has had queries from a number of companies about certain legal aspects of employee basic skills testing and training. We turned to the American Bar Association's Task Force On Literacy for help. Our intent is to eventually publish a public service leaflet for wide distribution within the business community. Meanwhile, because many companies seeking to set up basic skills programs need guidance now, preliminary information on three questions being examined is set forth below. For their pro bono help, we thank the ABA Task Force and its researchers, law student Serina Garst, a summer intern with Baker and Hostetler, and law student Steven Lynch of the University of Virginia.

1. Under what circumstances may employers test basic skills levels of job applicants and current employees, and what restrictions, if any, apply to the form such testing may take?

The answer depends on how the test scores are used; whether the use has a discriminatory impact on a group because of race, national origin, sex, or religion; and what constitutes the basic skills. Title VII of the Civil Rights Act of 1964 prohibits the use of discriminatory tests in making any employment decision, and while other federal laws may apply, an employer's lack of intent to discriminate is irrelevant.

Generally, all employers having at least 15 employees are governed by Title VII. Some categories of employers are exempt, such as Indian Tribes, private and tax-exempt membership clubs, and elected state officers. The federal government is not covered, though it usually held to Title VII standards.

In two landmark decisions–Griggs v. Duke Power Co. (401 U.S. 424, 1971) and Albemarle Paper Co. v. Moody (422 U.S. 405, 1975)–the United States Supreme Court set out a three-step process for determining whether a test violates Title VII:

First, if a test **excludes** significant numbers of a protected group, it must be **scrutinized**. If it doesn't impact adversely on protected groups, it may be used freely.

Second, a test that has been **validated** may be used even if it has an adverse impact. Validation must show a high correlation between successful test performance and successful job performance. In other words, the test must be job-related. The Court said in Griggs that "any test used must measure the person for the job and not the person in the abstract."

Third, even a job-related test may be discriminatory. This step examines the **business necessity** of the test. If an alternative test–one lacking adverse impact–can be used, it should be.

These principles have been incorporated into *Uniform Guidelines on Employee Selection Procedures* (29 C.F.R. 1607.1-1607.14, 1987) adopted by the Equal Employment Opportunity Commission, the Civil Service Commission, and the Departments of Labor and Justice. The *Guidelines* apply to all tests used to make employment decisions. They cover the entire employee selection process and, where the process itself has no adverse impact, it is not necessary to evaluate individual components.

The *Guidelines* make it clear that tests for both current and prospective employees **must be job-related and evaluate the person's ability to perform the duties and tasks of the job involved.** They also set out acceptable procedures for validation.

In Albemarle Paper Co., the Court endorsed the Guidelines' provisions stating that a test could be at a skill level higher than the position being applied for if job progression is likely within a reasonable period of time. Otherwise, employees must be tested at, or near, entry level for the position.

2. Under what circumstances may employers make participation in basic skills training programs mandatory for job applicants and current employees?

This depends upon how performance in the program affects the future employment of the individual. If success in the training program bears on decisions about hiring, retaining, promoting, or demoting, Title VII principles apply. (The training program itself must be examined for any discriminating effect.)

Note that an education level requirement may not discriminate against members of protected groups. Courts have generally not required evaluation under the *Guidelines* cited above, but they do require job-relatedness and have often overturned high-school-diploma requirements for production, maintenance, and apprentice positions where the result is discriminatory. Lower and more specifically-defined education level requirements have been approved for such relativ low-skilled jobs. Highly-skilled and pro sional jobs get less scrutiny.

3. Can employers require employees to roll in basic skills programs on their o time–i.e. outside of regular work hours? And, are employers obliged to for the training?

The Fair Labor Standards Act is the fed statute regulating wages and hours of cer employees (29 U.S.C. 201-19, 1982). E ployers subject to FLSA must comply w the minimum wage and maximum hours-work provisions, and where participatio required outside of regular working ho **employers may under some circumstan have to pay overtime wages.** (Categorie exempt workers include professional, exe tive, retail, service, transportation, and a cultural employees as defined in the A Note that in addition to FLSA, state and lo laws also regulate employee wages a hours.

The Wage and Hour Division of the Dep ment of Labor has interpreted FLSA not require employers to pay workers for t spent in training programs if four conditi are met (29 C.F.R. 785.27, 1987): (a) the p grams are conducted outside regular work hours; (b) the program is not directly rela to the employee's job; (c) the employee p forms no productive work during such tendance; and (d) attendance is voluntary the employee does not think his or her jo promotion potential will suffer. (Note that tendance is not considered voluntary if employee is "given to understand or lec believe" that his or her present working c ditions or continued employment would adversely affected.)

In general, training is considered directly lated if its purpose is to make the worker t ter at the existing job rather than capable performing a new one. Where a program course is developed for the bona fide purp of preparing for advancement by upgrad the employee's skill level and is not inten to make the employee more efficient in present job, the training is not considered rectly related even though it may incidenta improve the employee's skills for the regu job (29 C.F.R. 785.29, 1987).

Whether a job applicant or current emplo must be paid for required attendance in tra ing programs also depends upon whether t person is an employee as defined by t FLSA and by related court decisions. N that the existence of an employer-emplo relationship is determined by the facts a circumstances of the situation. Further, agreement to remain ready to begin a job m itself be considered a state of employment

No federal employment law requires empl ers to pay for or provide employee traini

programs. Many do, however, and deduct the cost from their taxable income as a business expense.

[Ed. Note: If an employer must pay workers for participating in off-hour programs that are directly job-related, whether participation is voluntary or mandatory, and if a directly-related program is one that enables a worker to do better on an existing job, a review of current regulations and Wage and Hour provisions would seem advisable in light of new understandings about present worker skill levels and the changing requirements of jobs.]

(For a copy of the *Guidelines* cited above (29 Code of Federal Regulations 900-1899, revised July 1, 1987) write to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. The current price is $10. Other publications that may be helpful are: "How to Develop Effective (and Legal) Personnel Tests," Krysten Stepke, 6 *Legal Administrator* 2805, September-October 1987; and "Courts, Psychologists, and the EEOC's Uniform Guidelines: An Analysis of Recent Trends Affecting Testing As a Means of Employee Selection," P. Jefferson Ballew, 36 *Emory Law Journal*, 203-252, Winter 1987.)

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OVERVIEW OF STATUTES CONTAINING WORKPLACE LITERACY AND JOB TRAINING PROVISIONS

There are numerous legislative initiatives addressing literacy. The scope of the literacy problem is broad, and assistance is being targeted at many groups, including children, adults, the economically disadvantaged, and the homeless. The jobs of the 21st century will be technologically advanced, requiring a higher level of reading comprehension. The purpose of these statutes is to improve our educational system, increase productivity, reduce unemployment, and enable our nation to remain competitive in the world marketplace.

PUBLIC LAW 97-300

A primary adult education and training statute is the Job Training Partnership Act (JTPA) which began in 1982, replacing the Comprehensive Employment and Training Act (CETA). It establishes programs to educate and train people entering the workforce. The combination of Federal, state, and local government resources with private sector interests allows JTPA to serve local areas according to individual needs.

Title One establishes a Private Industry Council for every designated service area of the country. It provides policy guidance and exercises oversight of job training activities. Through partnerships formed with local educational groups, businesses, and government officials, the Council carries out its functions. According to statute, one-half of the business and industry representatives shall be small business persons, including minority business.

Title Two describes services available to qualifying youth and adults, for example, remedial education and basic skills training, vocational exploration, job search assistance, and literacy training.

PUBLIC LAW 98-524

Known as the "Carl D. Perkins Vocational Education Act," this law amends the Vocational Education Act of 1963. It provides several types of grants to states and localities to train and retrain prospective employees through vocational and technical education.

PUBLIC LAW 100-77

The "Stewart B. McKinney Homeless Assistance Act" provides assistance to protect and improve the lives and safety of the homeless. Title Seven is targeted at helping the homeless through job training. The Secretary of Education makes grants to state educational groups to develop plans and begin literacy training plans and programs. This program has been authorized $11,000,000 for adult literacy and basic skills remediation programs for FY 1989 and FY 1990.

PUBLIC LAW 100-297

The "Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988" is the primary source of federal adult literacy program funding. Title III, the Adult Education Act, assists states in improving educational opportunities for adults who lack the level of literacy skills requisite to effective citizenship and productive employment. $200,000,000 is authorized for the Secretary of Education to make grants to states to assist them in funding adult education programs, services, and activities.

This law calls for the Secretary to make demonstration grants to exemplary education partnerships for workplace literacy. $31,500,000 is authorized for FY 1989, and such sums as may be necessary until October 1, 1993. The law authorizes the Secretary to make grants to states which have approved plans for the establishment, operation, and improvement of English literacy programs for individuals of limited English proficiency. $26,300,000, is authorized for FY 1989, $27,600,000 for FY 1990, and it is capped at $32,000,000 for FY 1993.

This statute also authorizes the Secretary to make grants to states and local eligible recipients to support planning, implementation, and evaluation of programs designed to train adult volunteers, especially the elderly, who wish to participate as tutors in local adult education programs.

Public Law 100-418

The Omnibus Trade and Competitiveness Act of 1988 includes a title devoted to education and training for American competitiveness, including educational partnerships, basic skills improvement, vocational education programs, and a student literacy corps.

Public Law 100-485

The Family Welfare Reform Act of 1988 targets specified welfare recipients to receive education and job training.

ACKNOWLEDGMENTS

Special appreciation is extended to The Service Corps of Retired Executives (SCORE) and John E. Daniels, Executive Director, for its cooperation and support as National Cosponsor of the Workplace Literacy Conference.

Many Office of Advocacy staff members have participated in the planning and development of this conference. Individuals primarily responsible for the coordination of the conference were Patricia McBride, Assistant Advocate for Education and Entrepreneurship and Ellen Thrasher, Executive Assistant to the Chief Counsel for Advocacy. Important contributors to the conference include David Boddie, Logistics Liaison; Grace Hussie, Legislative Liaison; Nancy Ing, Outreach Liaison; Valerie Johnson, Registration Liaison; Harriett Lyles, Conference Secretary; Glenn Scarborough, Publishing Liaison; Lori Walker, Research Associate, Jeanne Bishel, Giordano Chiaruttini, Justine Laccetti, Jules Lichtenstein, Laura Tyler and Susan Walthall.

Benita Somerfield, Senior Advisor to the Secretary of Education for Adult Literacy, contributed guidance and assistance in making this conference possible.

Small Companies Are Target of Efforts To Improve the Literacy of Employees

By Jeanne Saddler
Staff Reporter of The Wall Street Journal

WASHINGTON — Spider Co., a small metal-finishing concern in Rockford, Ill., lost $5,000 when a worker ruined an airplane part because he couldn't read English well.

As a result, the company since 1986 has paid about $5,000 a year to a local community college to improve the English literacy skills of many Spider employees. Most of the company's 42 workers are Hispanic. "Not only doesn't that come up to the cost of the one part," says Marvis Trosper, who owns the business with her husband, Billy. "But now I don't have to spend the 20 hours a week I did before just helping employees with everyday transactions."

Very small companies are a new target of efforts to improve workers' literacy, says the Small Business Administration's Advocacy Office. The companies, many with 50 or fewer employees, are more likely to hire people just entering the work force and to employ a greater percentage of workers with poor basic skills.

Typically, adult remedial classes are held in local schools or libraries and aren't tied to a particular job skill. But recently, the state and local governments that operate literacy programs are reaching out to small businesses by locating classes at work sites and making them more relevant to certain jobs.

In South Carolina, for example, a literacy program run through Gov. Carroll Campbell's office has a staff of so-called work force specialists who visit small companies statewide to help define the kind of training that's needed. Jack Wilson, a specialist based in Pickens County, is developing a program to help about 60 dry cleaning businesses in the northern part of the state find good workers. Classes for current and potential employees will be tailored to a job's specific demands.

"They can't afford to have people who can't handle chemicals and read warning labels," says Mr. Wilson. "A lot of really small businesses are desperate and they don't know how to handle the problem. Traditionally, state organizations have used their literacy programs to serve larger groups because they wanted the biggest bang for their buck."

The cost of sponsoring on-site classes can be a big deterrent for the smallest companies. Governments often require companies to contribute money to cover the cost of the programs. One solution is getting concerns in the same business, like the South Carolina dry cleaners, to form a consortium and defray training costs.

And because very small businesses don't need long-term, expensive programs, community colleges and libraries might be willing to do some on-site training at a lower cost, SBA officials suggested at a recent conference here. A summary of the conference proceedings, including a list of contacts for state literacy programs, can be obtained from the SBA's Advocacy Office, 1725 I Street N.W., Washington, D.C. 20416.

"When you teach people something, you see a light bulb go on—you can't put a dollar value on it," says Bill Gregory, president of Gregory Forest Products, a southern Oregon sawmill that sponsors a variety of classes for its 500 workers, including basic skills training.

"The smaller the business, the more important this is," Mr. Gregory says. "If one of five workers has a literacy problem, that's 20% of your work force."

BEST COPY AVAILABLE